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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/020,466	10/29/2001	Jonathan Vaux	16222U-008400US	9289

20350 7590 01/25/2007  
TOWNSEND AND TOWNSEND AND CREW, LLP  
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EIGHTH FLOOR  
SAN FRANCISCO, CA 94111-3834

EXAMINER
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APPLE, KIRSTEN SACHWITZ

ART UNIT	PAPER NUMBER
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3693

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	01/25/2007	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

<b>Office Action Summary</b>	Application No.	Applicant(s)	
	10/020,466	VAUX ET AL.	
	Examiner	Art Unit	
	Kirsten S. Apple	3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 14 January 2003.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-42 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-42 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 14 January 2006 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)            | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>11/31/05 - 11/29/04</u>                                       | 6) <input type="checkbox"/> Other: _____                          |

*Handwritten:*  
10/31/03 - 11/4/03  
11/31/05 - 11/29/04  
11/4/03

## Detailed Action

This action is in response to the application filed on 10/29/2001.

### ***Priority***

No claim for priority has been made in this application.

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-61 are rejected under 35 U.S.C. 102(e) as being anticipated by Duncan (US Patent 6,934,692).

**Re claim 1 & 12 & 21 & 26 & 33 & 39 & 43 & 53:** Duncan discloses:

*A system for executing payment, comprising:*

*A module configured to allow the buyer to create (receive invoices) (see Loeb, Figure 3, item 301) and/approve (create payment instructions) payment (see Duncan, Figure 3, item 303)*

*A transaction-processing module / database configured to handle a first account (buyer) and a second account (seller) and store terms and conditions (see Duncan, Figure 3, item 301 + Figure 11, item 1107 & 1109)*

*The transaction-processing module cooperates with the issuer and the acquirer to process the payment transaction in accordance with the plurality of terms and conditions (see Duncan, Figure 11, item 107 – the database is the module and the interaction is item 1123 & 1128)*

**Re claim 43 & 53:** Duncan discloses:

*A method & system, comprising:*

*Receiving an electronic invoice (or instructions to create one) (see Duncan, Figure 5, item 519)*

*Transmitting a payment instruction to buyer (see Duncan, Figure 11, item 1126)*

*Receiving approval from buyer (see Duncan, Figure 11, item 1122)*

*Sending authorization request to issuer (see Duncan, Figure 11, item 1124)*

*Receiving authorization from issuer – funds are transfer from issuer to acquirer (see Duncan, Figure 11, item 1124)*

*Updating electronic invoice with info of settled or declined (see Duncan, Figure 11, item 1123)*

**Re claim 2 & 44 & 46 :** Duncan discloses:

*Module receives and invoice from the seller (see Duncan, Figure 5, item 519)*

*Invoice represents a payment for the payment transaction (see Duncan, Figure 5, item 519)*

**Re claim 3:** Duncan discloses:

*Issuer manages the first account of the buyer (see Duncan, Figure 11, item 1109)*

*Acquirer manages the second account for the seller (see Duncan, Figure 11, item 1108)*

**Re claim 4 & 15 & 23 & 45 & 47 & 52 & 50:** Duncan discloses:

*Transaction processing module determines fees associated with the payment transaction based on the plurality of terms and conditions. (see Duncan, Figure 9, "transaction fee 3%")*

**Re claim 5 & 16 & 24 & 28 & 34 & 51 :** Duncan discloses:

*Fees include a transaction fee (see Duncan, Figure 9, "transaction fee")*

*Transaction fee = amount used by the issuer and the acquirer to compensate each other for processing the payment transaction. (see Duncan, Figure 9, "transaction fee")*

**Re claim 6 & 17 & 29 & 30 & 36:** Duncan discloses:

*Transaction module processing module calculates a net amount using the transaction fee (see Duncan, Figure 9, "transaction fee")*

*Net amount is amount to be received by the seller from the payment transaction (see Duncan, Figure 9, "TOTAL SALE")*

**Re claim 7 & 18:** Duncan discloses:

*Net amount is calculated by subtracting the transaction fee from an invoice amount stated in the payment transaction (see Duncan, Figure 9, "TOTAL SALE")*

**Re claim 8 & 19 & 57 & 58:** Duncan discloses:

*Transaction processing module cooperates with a data transport and processing network communicate with issuer and acquirer (see Duncan, Figure 11, item 1009 & 1007)*

**Re claim 9 & 31 & 56:** Duncan discloses:

*Terms and conditions are pre-negotiated (see Duncan, Paragraph 24)*

**Re claim 10:** Duncan discloses:

*Pre-negotiate terms are obtained from a sales agreement (see Duncan, Paragraph 24)*

**Re claim 11 & 32 & 38:** Duncan discloses:

*Buyer, seller, issuer or acquirer authorized to modify terms and conditions (see Duncan, Paragraph 24)*

**Re claim 13:** Duncan discloses:

*Buyer selects a buyer account (see Duncan, Figure 11, item 1111, 1115 & 1113)*

**Re claim 14 & 27:** Duncan discloses:

*Issuer manages the buyer account (see Duncan, Figure 11, item 1111)*

*Acquirer manages the seller account (see Duncan, Figure 11, item 1109)*

**Re claim 20 & 25 & 40 & 41:** Duncan discloses:

*Transaction fee vary (and used to compensate) depending on arrangement between issuer and acquirer (see Duncan, Figure 9, "transaction fee 3%")*

**Re claim 22:** Duncan discloses:

*Module configured to receive approval of payment from buyer (see Duncan, Figure 11, item 1122)*

**Re claim 37 & 59 & 60 & 61:** Duncan discloses:

*Upon obtaining the payment authorization, settling payment transaction between issuer and buyer and acquirer and seller (see Duncan, Figure 11, item 1109)*

**Re claim 48:** Duncan discloses:

*After approval from buyer – goods are shipped (see Duncan, Figure 5, item 523)*

**Re claim 49:** Duncan discloses:

*Transaction processing system is associated with a credit card system (see Duncan, Figure 11, item 1109 & 1107)*

**Re claim 54:** Duncan discloses:

*System facilitates interaction between buyers & sellers (see Duncan, Figure 11, item 1121 & 1121)*

**Re claim 55:** Duncan discloses:

*System includes authorization & settlement (see Duncan, Figure 11, item 1109)*

### ***Petition***

In view of the papers filed 9/26/2002, it has been found that this nonprovisional application, as filed, through error and without deceptive intent, improperly set forth the inventorship, and accordingly, this application has been corrected in compliance with 37 CFR 1.48(a). The inventorship of this application has been changed by adding Loraine Martin Yeakle, Alistair Duncan and Paulo Fernandes.

The application will be forwarded to the Office of Initial Patent Examination (OIPE) for issuance of a corrected filing receipt, and correction of Office records to reflect the inventorship as corrected.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Loeb et al., U.S. Patent No 6,006,205, discloses credit card billing method and system with terms and conditions.

Resnick et al., U.S. Patent 6,185,545, teaches a payment system with terms and conditions.

Additionally the examiner would like to note that merely automating a business process that is sufficient to make it patentably distinct from prior art, in this case the own applicants own admitted prior art. As stated by the applicant in the background of invention the concept is to automate a "manual examination process [that] is often tedious, time-consuming." While the examine has gone and done a patent search and found prior art that provides evidence that the application is not novel the examiner believes there is other amply prior art that reads on the application including the applicants own Admitted Prior Art. Most credit card, loan and payment systems include "terms and conditions" and would read on this application.

### ***Contact Information***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kirsten S. Apple whose telephone number is 571.272.5588. The examiner can normally be reached on Monday - Friday 7:30-6:00.

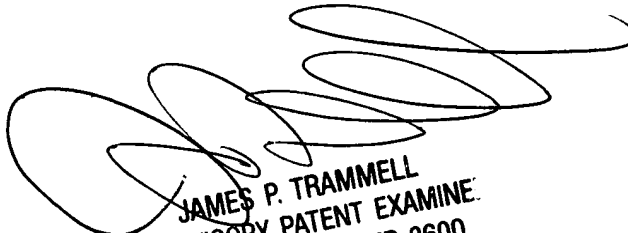


Art Unit: 3693

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-272-6126.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

ksa



JAMES P. TRAMMELL  
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